

HB 1086 Exempted Payments and List of Causes

Pursuant to the Transparency, Accountability and Innovation in Oklahoma State Government 2.0 Act of 2011 (the Act), the Oklahoma legislature approved a requirement that all payments from the State Treasury shall be disbursed electronically. The Act further provides that the State Treasurer may provide an exemption from this requirement with cause and that the number of exempted payments and a corresponding list of causes shall be published on the State Treasurer's website.

Attached is a report that reflects by agency the nature of causes for which requests for exemption were submitted and granted. The report also reflects the number of warrants paid during each of the quarters ended September 30 and December 31, 2012.

Nature of Causes Resulting in Exemptions

System Limitations

System limitations exist when the current systems (technology, policies and procedures, laws and regulations, etc.) do not support the gathering, storing, processing and transmitting of the data required to process payments via an electronic mechanism.

Banking Data Limitations

Banking data limitations may arise when systemic support exists to process electronic payments however the agency does not have the valid banking data required.

International ACH Transactions

An IAT is a U.S. ACH entry that is part of a payment transaction involving a financial institution, or its branch or office that is not located in the territorial jurisdiction of the United States (referred to below as "foreign bank, branch or office"). Specifically, a foreign bank, branch or office is considered a part of a payment transaction if any one or more of the following transaction conditions is met:

- The foreign bank, branch or office holds an account that is credited or debited as part of a payment transaction; or
- The foreign bank, branch or office receives funds directly from a Person or makes payment directly to a Person as part of a payment transaction; or
- The foreign bank, branch or office serves as an intermediary in the settlement of any part of a payment transaction.

The Office of the State Treasurer does not process IAT transactions. Experts from the State's ACH origination bank have advised that the settlement risk remains high with these transactions in numerous countries as they have not yet received the international acceptance necessary to reduce the risk to acceptable levels. The Office of the State Treasurer does continue to monitor settlement risk and may implement IAT processing as volumes and acceptability by country warrants. The Office of the State Treasurer does process U.S. dollar denominated international wire transfers through the State's operating bank with a high degree of success but also with significantly higher per transaction cost.

Other

Agencies generally submitted requests for exemption citing "Other" as the cause for refunds (applicants, licensees, denials or overpayments, misdirected payments) and reimbursements associated with receipts for which they are not currently obtaining banking data from the remitter. Agencies also requested exemptions for other one-time payments such as garnishments, emergency and other situations requiring on-demand payment. Additionally, several agencies noted that they were required to issue a warrant to replenish their petty cash funds. Payments to minors or single payments to multiple payees present problems as well. One instance was presented where state law mandates that certain indemnity payments have language related to criminal penalties printed on the check.

Most state agencies noted that they were working or were willing to work on system, banking data and other limitations preventing the use of an electronic payment option where practicable. All exemptions will expire on June 30, 2013, agencies will be asked to reapply for exemptions and to provide updated information in connection with their ongoing efforts to increase their utilization of electronic payment options.

Electronic Payment Data

The Office of the State Treasurer has gathered the following data to present a more comprehensive picture of the use of electronic payments since the passage of HB1086.

FY 2012 Payment Summary:	Transaction Volume	% of total
OKDHS electronic payments	41,830,338	(1)
OESC electronic payments	1,971,656	(2)
Purchase card transactions	133,223	(3)
OST initiated ACH credit and wire transfer transactions	5,432,662	
TOTAL Electronic Payments	49,367,879	95.51%
Total warrants redeemed	2,321,951	4.49%
TOTAL Payments	51,689,830	

Source: (1) Oklahoma Department of Human Services, (2) Oklahoma Employment Security Commission, (3) Office of Management and Enterprise Services, Department of Central Purchasing

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	Warrants Paid During the Quarter Ended	
						09/30/12	12/31/12
Oklahoma State University	010-016, 773, 775		X	X	X	16607	18287
Accountancy Board	20	X				65	63
Board of Abstractors	22		X			31	22
OK Military Dept	25				X	1143	1068
OKLAHOMA ABLE COMMISSION	30		X		X	190	148
Oklahoma Boll Weevil Eradication Org.	39				X	57	60
Department of Agriculture	40			X		752	538
Western College	41	X	X	X	X	1460	1543
Board of Architects	45	X				38	29
Oklahoma Indigent Defense System	47		X			524	450
Attorney General	49	X				232	424
Oklahoma Arts Council	55		X			250	89
Oklahoma Aeronautics Commission	60	X				54	40
Banking Department	65	X	X			44	55
Office of State Finance	90		X		X	1023	1677
Tobacco Settlement Endowment Fund	92		X			130	131
Cameron University	100		X		X	2705	2869
Oklahoma Capitol Improvement Authority	105		X			52	48
Carl Albert State College	108	X	X		X	2938	3422
University of Central Oklahoma	120	X	X	X	X	2373	2492
Oklahoma Department of Mines	125		X			137	165
Commission on Children and Youth	127		X			70	98
Department of Corrections	131	X	X		X	19413	18836
Univ of Science & Arts of OK	150		X		X	1466	1884
Oklahoma Department of Commerce	160		X	X		359	336
CONNORS STATE COLLEGE	165		X		X	2861	2801
Construction Industries Board	170	X	X			126	126
Corporation Commission	185	X				1391	1601
State Board of Cosmetology	190		X			42	63
Court of Criminal Appeals	199	X				25	29
JM Davis Arms and Historical Museum	204		X			31	34
State Dental Board	215					47	45
District Courts	219	X				73	78

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	Warrants Paid During the Quarter Ended	
						09/30/12	12/31/12
District Attorneys Council	220	X				1511	1523
EAST CENTRAL UNIVERSITY	230	X	X		X	3031	3326
Eastern Oklahoma State College	240	X	X		X	1175	1454
Redlands Community College	241	X			X	1295	1912
Oklahoma State Department of Education	265		X			1302	994
OETA	266		X			187	185
Commission for Teacher Preparation	269		X			291	141
State Election Board	270		X			515	127
State Board of Embalmers & Funeral Directors	285		X			14	24
Oklahoma Employment Security Commission	290		X			2894	2595
Department of Environmental Quality	292	X	X			1150	1430
Ethics Commission	296				X	21	11
Merit Protection Commission	298		X			12	14
State Auditor & Inspector	300		X			97	110
Office of the Governor	305		X			35	43
Pardon & Parole Board	306		X			38	42
Interstate Oil Compact Commission	307		X			16	13
Oklahoma State Bureau of Investigation	308		X		X	470	479
Oklahoma Dept. of Emergency Management	309		X			1077	999
OK Firefighters Pension	315	X	X		X	8972	7280
Oklahoma Department of Wildlife	320		X			1017	975
Office of Disability Concerns	326	X			X	37	28
Dept. of Health	340		X		X	2777	2453
Board of Medicolegal Investigations	342		X			273	242
Department of Transportation	345		X			8550	8649
OK Space Industry Dev Auth	346		X			201	193
OK Horse Racing Commission	353	X	X			2621	3231
Oklahoma Energy Resources Board	359		X			292	137
Workers' Compensation Court	369				X	224	258
Oklahoma Industrial Finance Authority	370				X	9	14

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Oklahoma Insurance Department	385				X	296	286
CompSource Oklahoma	390	X			X	91971	89588
Multiple Injury Trust Fund	391				X	0	0
OFFICE OF JUVENILE AFFAIRS	400	X	X			1611	1569
Oklahoma Department of Labor	405	X	X			56	63
Commissioners of Land Office	410		X			185	174
Council on Law Enf Educ & Training	415		X		X	222	181
OK Law Enforcement Retirement System	416		X			195	149
Langston University	420		X		X	1217	1490
State Senate	421		X			116	138
Oklahoma House of Representatives	422		X			167	160
Legislative Service Bureau	423		X			44	34
Dept of Libraries	430		X		X	519	477
Oklahoma Lottery Commission	435		X			877	745
Office of the Lieutenant Governor	440		X			10	3
Liquified Petroleum Gas Board	445		X			43	54
Commission on Marginal Producing Oil and Gas Wells	446		X			36	51
Board of Licensed Alcohol & Drug Counselors	448		X			15	23
Board of Medical Licensure & Supervision	450				X	89	106
Oklahoma Forensic Center (ODMHSAS)	452	X	X		X	5873	5585
Rogers State University	461	X	X		X	1972	1962
OSF - State Contribution Fund	467		X			0	0
Murray State College	470	X	X			1273	2243
Motor Vehicle Commission	475		X			32	41
OK Bureau of Narcotics	477	X				431	439
NEO A&M College	480		X			1450	1460
Northeastern State University	485	X	X	X		2341	2646
Northern Oklahoma College	490					1990	2311
Northwestern Oklahoma State University	505	X	X			2056	3017

Agency Name	Agency Number	System Limitations	Banking Data Limitations	International ACH Transactions	Other	Warrants Paid During the Quarter Ended	
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Board of Examiners for Long Term Health Care	509		X			25	32
Oklahoma Board of Nursing	510	X	X			104	128
OPERS	515		X			6888	6790
OSEEGIB	516	X	X			98176	87636
Board of Optometry	520				X	29	31
Oklahoma Panhandle State University	530		X		X	1022	1189
Rose State College	531	X	X		X	1632	1800
Peanut Commission	535		X			6	9
OK Police Pension & Retirement System	557	X				340	342
Oklahoma State Board of Pharmacy	560	X	X		X	48	31
Board of Private Vocational School	563		X			17	21
Oklahoma Tourism & Recreation	566	X				2426	2401
Oklahoma Scenic Rivers Commission	568		X			19	23
Board of Licensure for Professional Engineers and Land Surveyors	570		X			62	46
Board of Examiners of Psychologists	575		X			14	21
DCS/OSF - State Risk Management Div.	580	X	X		X	375	50
Oklahoma State Bond Advisor's Office	582		X		X	42	36
Dept. of Public Safety	585	X	X			2603	2294
Oklahoma Real Estate Commission	588		X			67	60
Oklahoma State Regents for Higher Education	605		X		X	1871	1973
Ardmore Higher Education Center	606		X			161	206
Physician Manpower Training Commission	619		X			378	423
Quartz Mountain Arts and Conference Ctr	620	X	X			158	112
Board of Licensed Social Workers	622		X			15	19
Seminole State College	623	X	X			1531	1409
Secretary of State	625		X			651	725
OCAST	628		X			353	227
OK School of Science & Math	629		X			103	92

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						09/30/12	12/31/12
Department of Securities	630		X			72	95
Board of Examiners for Speech-Language Pathology and Audiology	632		X			16	12
Oklahoma City Community College	633	X	X		X	1964	2005
Commission on Consumer Credit	635		X			43	40
Veterans Affairs (All Locations)	650		X			4683	4908
Southeastern Oklahoma State University	660	X	X			2139	2363
SWOSU	665	X	X			3373	3030
JD McCarty Center	670		X		X	199	251
Supreme Court	677	X				473	379
Council on Judicial Complaints	678				X	13	18
Oklahoma Tax Commission	695		X	X	X	9013	10198
Oklahoma Teachers Retirement System	715		X	X		6094	5266
Oklahoma State Treasurer	740	X	X			3808	3949
Tulsa Community College	750	X	X		X	2904	3242
Uniform Building Code Commission	753		X			41	29
Used Motor Vehicle & Parts Commission	755		X			40	31
University of Oklahoma	760/761		X	X	X	20729	21652
University of Oklahoma Health Sciences Center	770-771	X	X	X	X	27568	31037
Board of Chemical Tests for Alcohol/Drug Influence	772		X			22	15
Veterinary Medical Examiners	790		X			52	50
Okla Dept of Career & Technology Ed	800		X			923	914
Department of Rehabilitation Services	805	X				21416	20930
Oklahoma Health Care Authority	807	X	X		X	1869	1592
Employees Benefits Council	815		X			140	86
OKDHS	830	X	X			39394	38552
Oklahoma Water Resources Board	835		X			225	236
Oklahoma Wheat Commission	875		X			381	282
Will Rogers Memorial Commission	880		X			156	152
OK TURNPIKE AUTHORITY	978		X		X	83	68
Commercial Pets' Breeder Board	117					0	8

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						09/30/12	12/31/12
State Board of Chiropractic Examiners	145					0	9
State Fire Marshal	310					54	54
State Historical Society	350					297	305
LP Gas Research, Marketing and Safety Commission	444					36	63
Osteopathic Examiner	525					41	31
Regional University System of Oklahoma	610					78	70
Conservation Commission	645					405	312
University Center of Ponca City	758					0	63
University Hospitals Authority	825					22	7

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